Washington Watch

A Well-Oiled Policy

By Douglas M. Bloomfield - Chicago Jewish Star

(Apr. 24, 2004) With gasoline prices hitting the stratosphere, the presidential candidate chastised the incumbent for not being tough enough on the oil producers.

"I think the President ought to get on the phone with the OPEC cartel and say: 'We expect you to open your spigots.' The President of the United States must jawbone OPEC members to lower the price," declared Gov. George W. Bush four years ago. He vowed to do just that with the "Saudis" and others who cut oil production.

As Bush prepared to move into the Oval Office in early 2001, Rep. Jan Schakowsky (D IL) reminded him of that campaign promise and urged him to jawbone his friends in the energy industry to keep prices down. Instead, he hired them.

No administration since Warren Harding's has had such close ties to the oil and gas industry; the roster of ex-oil people includes the president and vice president, Bush's top national security and political advisors, his secretaries of commerce and interior, the chairman of his reelection campaign and sundry other officials.

With gas prices again soaring, political contributions from the energy industry have been keeping pace. According to Public Citizen's Congress Watch, oil and gas companies have given at least $15.8 million to the 2000 and 2004 Bush campaigns so far, and much more is expected.

"The Bush administration's handouts to the oil and gas industries have gone beyond a wildcatter's wildest dreams," says Craig Aaron of Congress Watch.

That cozy relationship is at the heart of a case before the Supreme Court this week centering on demands that the White House reveal who Vice President Dick Cheney consulted in drafting the administration's energy policy.

The case was brought by groups claiming Cheney, the former head of energy giant Halliburton Co., concealed a reliance on industry, particularly people like former Enron chief Kenneth Lay, while excluding environmentalists and other points of view. Critics accuse the administration of collusion behind closed doors with industry friends to maximize profits and minimize government regulation. The court is expected to rule this summer.

Those campaign contributions are minuscule compared to the $20 billion in tax breaks for energy companies that the Forth Worth Star-Telegram says are contained in the President's energy bill.

Candidate Bush's reference to "jawboning" was a reminder of how an outraged John F. Kennedy rallied public support to force the steel industry to rescind "a wholly unjustifiable and irresponsible" price hike in 1961.

But when OPEC announced a production cut last month as gas prices were setting almost daily records, this president's jaw was slack.

His press secretary said the President was "disappointed" and "concerned" and suggested that the real culprit wasn't the Bush family friends in Riyadh but Senate Democrats who were blocking Bush's energy bill. However, an analysis of that legislation by Bush's own Energy Department showed it would have negligible impact on prices and supplies. In fact, it could even raise oil prices, and oil from the Alaska wilderness where Bush wants to drill wouldn't come on line for several years.

At the time Bush made his jawboning vow, oil prices were nearly $28 a barrel; today they're about $10 higher.

The day after the Saudi cutback, the President met with his old pal, Prince Bandar, who said he encountered no presidential jawboning. The Saudi ambassador emerged to declare the cut stands. Prices at the pump quickly set new records.

Energy Secretary Spencer Abraham, appearing before a House committee the next day, couldn't name a single OPEC leader with whom the president spoke after the OPEC decision; aides said the president was "consulting" the Saudis.

Instead, the kingdom's spokesman declared there was no oil shortage -- contradicting what the oil companies were telling consumers -- and defended the production cut as "very responsible."

Adel al-Jubeir, sounding like his talking points were written by White House political guru Karl Rove, said the only problems are American environmental regulations and a shortage of refineries here.

The administration agreed, but it did not demand that the industry invest its record profits -- fueled by rising prices and generous Bush tax breaks -- in new refineries and clear energy technology.

When the administration finally begin jawboning, it agreed with al-Jubeir that the real culprits are right here in Washington. The White House, a self-declared blame-free, mistake-proof zone, said the fault lies in environmental regulations, a Congress that has stalled the President's energy bill and tree huggers who oppose drilling in the Alaska wilderness.

One giant flaw in that argument was pointed out by Bush's own Energy Information

Administration. The administration's energy bill would actually raise gas prices -- as much as 8.1 cents a gallon over the next decade -- EIA reported, and cuts in imports would come about because rising prices would lower demand, not increase domestic supply.

The real savings wouldn't go to consumers but to industry in the form of tax breaks, profits and dramatically relaxed regulation.

According to a New York Times Magazine article by Bruce Barcourt, "the administration has managed to effect a radical transformation of the nation's environmental laws, quietly and subtly" though a string of executive actions that bypassed Congress.

Bob Woodward, author of the new best seller, "Plan of Attack," suggests another explanation for Bush's slack-jawed response to rising gas prices and falling oil production. He said that Bandar "pledge(d)" at a White House meeting that gas prices could drop "very quickly" just before the election as a result of a Saudi move to "fine tune oil prices" to prime the economy for 2004."

Bush and Bandar naturally denied they've planned this October surprise. The fact that it has been reported may itself quash Bandar's pledge, but it has a ring of authenticity, given Woodward's record and good standing and access at the White House. The other rumored October surprise is the capture of Osama bin Laden, and that could be worth a great deal more than any oil price drop.

The President's coziness with the oil sheikhs may fill GOP coffers with petro-cash, but voters furious about soaring gas prices may see things differently. Republicans running for reelection aren't any happier with the President's inaction than Democrats; they all face angry constituents who are telling pollsters that gas prices are a top issue for three out of five Americans this year.